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Message Text

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FM SECSTATE WASHDC
INFO RUEHTP/AMEMBASSY TAIPEI 7580
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FOL REPEAT EC BRUSSELS 6094 SENT ACTION SECSTATE
INFO BONN BRUSSELS COPENHAGEN DUBLIN THE HAGUE LONDON
LUXEMBOURG PARIS ROME GENEVA OECD PARIS AUG 12

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PASS AGRICULTURE

E.O. 11652: N/A
TAGS: EAGR, ETRD, EEC
SUBJECT: EC SAFEGUARD MEASURES FOR CANNED MUSHROOMS

REF: (A) EC BRUSSELS 6019 (B) EC A-290 OF 8/19/71

1. BEGIN SUMMARY: THE EC COMMISSION HAS INVOKED SAFEGUARD MEASURES, INCLUDING A REQUIREMENT FOR IMPORT LICENSE BEGINNING AUGST 26, AGAINST IMPORTS OF CANNED MUSHROOMS FROM THIRD COUNTRIES. THIRD COUNTRIES WHICH GUARANTEE OBSERVANCE OF MINIMUM IMPORT PRICES WILL
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BE EXEMPTED FROM IMPORT LICENSING AND QUANTITATIVE RESTRICTIONS.

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IN VIEW OF THE POTENTIAL IMPACT OF THESE SAFEGUARD MEASURES ON THE US MARKET, VIA DIVERSION OF TRADE, WE RECOMMEND THAT REPRESENTATIONS BE MADE TO THE COMMISSION TO EXPRESS US CONCERN AND TO EXERT PRESSURE ON THE COMMISSION TO ABOLISH THE SAFEGUARD MEASURES. END SUMMARY.

2. EC COMMISSION REGULATION NO. 2107/74 OF AUGUST 8, ESTABLISHES SAFEGUARD MEASURES FOR CANNED MUSHROOMS FROM THIRD COUNTRIES. BEGINNING AUST 26, IMPORTS OF CANNED MUSHROOMS (CST NO. 20.02 A) WILL REQUIRE IMPORT LICENSES. ON THE BASIS OF APPLICATIONS FOR SUCH LICENSES, THE COMMISSION PERIODICALLY WILL DECIDE ON THE QUANTITY OF MUSHROOMS FOR WHICH LICENSES SHALL BE ISSUED BY THE MEMBER STATES. THE MEMBER STATES WILL INFORM THE COMMISSION EACH WEEK OF THE QUANTITITES FOR WHICH LICENSE ARE REQUESTED. THE FIRST SUCH NOTIFICATION WILL BE MADE ON AUGUST 16.

3. LICENSES WILL NOT BE REQUIRED FOR IMPORTS FROM THIRD COUNTRIES WHICH ARE WILLING AND IN A POSITION TO GUARANTEE OBSERVANCE OF A MINIMUM IMPORT PRICE. THIS SAME MIP SYSTEM WAS USED IN THE APPLI-CATION OF SAGEGUARD MEASURES FOR TOMATO CONCENTRATES IN 1971 (REF. B).

4. THE COMMISSION WILL DETERMINE THE QUANTITY OF CANNED MUSHROOMS FOR WHICH LICENSES ARE ISSUED BY APPLYING AN AS YET TO BE DETERMINED PERCENTAGE TO A REFERENCE QUANTITY FOR EACH LICENSE APPLICANT. THE REFERENCE QUANTITY WILL BE EQUAL TO (A) THE VOLUME OF CANNED MUSH-ROOMS IMPORTED INTO THE EC BY THE APPLICANT IN 1973 DURING EACH MONTH SPECIFIED IN THE LICENSE APPLICATION OR (B) THE AVERAGE VOL-UME IMPORTED DURING THE CORRESPONDING MONTHS ON CALENDAR YEARS 1971-1973 IF THIS AVERAGE EXCEEDS IMPORTS BY THE APPLICANT IN 1973. PROVISION IS ALSO MADE FOR THE ISSUANCE OF LICENSE, WITHIN LIMITS, TO THOSE PERSONS WITHOUT AN IMPORT HISTORY.

5. LICENSE ISSUED WILL BE VALID FOR THE MONTH OF ISSUANCE. THEY MAY, HOWEVER, ALSO COVER THE PRECEDING OR FOLLOWING MONTH. EACH REQUEST FOR A LICENSE MUST BE ACCOMPANIED BY A SURE DEPOSIT OF 1 U.A. PER 100 KG NET WEIGHT OF THE QUANTITIES FOR WHICH THE LICENSE IS REQUESTED.

6. THE JUSTIFICATION FOR THE SAFEGUARD MEASURES IS THAT "IMPORTS
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THREATEN THE COMMUNITY MARKET WITH SERIOUS DISTURBANCES WHICH COULD JEOPARDIZE THE OBJECTIVES OF ARTICLE 39 OF THE TREATY.". THE PREAMBLE TO THE COMMISSION REGULATION STATES THAT IMPORTS OF CANNED MUSHROOMS INTO THE EC DURING THE FIRST SIX MONTHS OF 1974 WERE 50 PERCENT HIGHER THAN DURING THE CORRESPONDING MONTHS IN 1973. THE COMMISSION SAYS THE OFFER PRICES OF IMPORTS ARE 20 TO 30 PERCENT BELOW THE COMMUNITY COST PRICE. IN ADDITION, ACCORDING TO THE COMMISSION, STOCKS OF CANNED MUSHROOMS TOTALING 20,000 MT EXISTED

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IN THE EC IN THE FIRST SIX MONTHS OF 1974 AND THESE STOCKS
ARE LIKELY TO INCREASE IN THE COMING MONTHS (PRESUMABLY IN THE
ABSENCE OF SAFEGUARD MEASURES).

7. RECOMMENDATION: THE SAFEGUARD MEASURES, WHETHER IN THE FORM OF
"QR'S" OR MINIMUM IMPORT PRICES, COULD SHARPLY CURTAIL ACCESS TO THE
EC MARKET. THEY MAY WELL RESULT IN A DIVERSION OF SUPPLIES FROM
EXPORTING COUNTRIES, PRINCIPALLY TAIWAN, PEOPLE'S REPUBLIC OF CHINA,
AND KOREA, TO THE U.S. CONSEQUENTLY, WE RECOMMEND THAT WE BE
INSTRUCTED TO MAKE REPRESENTATIONS TO THE COMMISSION TO EXPRESS OUR
CONCERN, AND TO REQUEST THAT THE COMMISSION ABOLISH THE SAFEGUARD
MEASURES SOON. IT WOULD BE MOST USEFUL IF THIS APPROACH COULD
BE MADE PRIOR TO THE COMMISSION'S CONSIDERATION OF THE QUANTITIES
FOR WHICH LICENSES WILL BE ISSUED. (PARAGRAPH 4).

8. THE COMMISSION SHOULD BE TOLD THAT IN SPITE OF SUPPLY
PRESSURES FROM THESS SAME COUNTRIES AND FROM LATIN AMERICA, THE
US HAS NOT ARBITRARILY RESTRICTED ITS IMPORTS OF MUSHROOMS. IT
SHOULD BE FURTHER POINTED OUT THAT THE EC SAFEGUARD MEASURES,
FOLLOWING ON THE HEELS OF THE BEEF IMPORT BAN, ARE
ANOTHER UNFORTUNATE EXAMPLE OF THE COMMUNITY'S ATTEMPTING TO
CORRECT INBALANCES IN THE EC MARKET THROUGH IMPORT RESTRICTIONS.
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